

The Virginia Long-term Care Partnership



Introduction

Virginia's Long-term Care (LTC) Partnership is a public-private venture designed to encourage and reward Virginians for planning ahead for future long-term care needs. Partnerships are an alliance between the private insurance industry and state government to help Virginians plan for future long-term care needs without depleting all of their assets to pay for care.

The future demand for LTC services is expected to rise. Virginians need to plan ahead to ensure that the widest array and highest quality of services will be available to them.



Virginia looks forward to launching its Partnership on September 1, 2007.

What Does Long-term Care Insurance Cover?

Long-term care insurance helps pay for a variety of supportive services that assist people with health or personal supports that might result from a chronic disease, serious accident, sudden illness, or cognitive impairment such as Alzheimer's disease. LTC services are different from traditional medical care in that their focus is not necessarily to improve the medical condition of an individual, but to maintain the individual's quality of life.

LTC services may be provided by a health care professional such as a nurse, a home health aide, or other personal care provider. Varying amounts and levels of care can take place in a variety of locations. This can range from a few hours of care per week in one's home to around-the-clock care in a nursing facility.

Medicare or other types of health insurance generally do not cover LTC. LTC insurance policies vary greatly in the amount and scope of services they cover and the settings in which services are delivered.

What is Medicaid?

Medicaid is a health insurance program jointly administered and funded by the federal and state government. It provides health care services for eligible low-income individuals. People qualify for Medicaid by

meeting set financial standards and by fitting into a specific covered group such as children, pregnant women, or individuals who are elderly or who have disabilities. The Department of Medical Assistance Services administers the Virginia Medicaid program. (www.dmas.virginia.gov)

How will the Long-term Care Partnership Work?

States are required to develop Partnerships using the "**dollar-for-dollar**" model. For every dollar that a LTC Partnership insurance policy pays out in benefits, a dollar of personal assets can be protected (disregarded during the eligibility review) if the individual chooses to apply for Medicaid.

In other words, LTC Partnership policy holders who apply for Medicaid coverage are able to maintain some level of assets (equal to the LTC insurance benefit paid) above the \$2,000 Medicaid asset limit currently in place for eligibility purposes.

The federal Deficit Reduction Act of 2005 renewed states' ability to establish Long-term Care Partnerships and outlined **specific requirements** for Partnership policies.

- All Partnership policies must include annual compound inflation protection for individuals under age 61 and some form of inflation protection for individuals ages 61 – 76. Inflation protection helps the policy keep up with the rising cost of LTC services.
- All Partnership policies must be issued after the program begins in Virginia (September 1, 2007).
- Per federal law, Virginia is not allowed to "grandfather" policies. Current long-term care insurance policy holders who wish to obtain a Partnership policy should contact their agent, carrier, or the carrier of their choice regarding issuance of a new Partnership qualified policy.



Medicaid Eligibility is extremely complex!

- **The purchase of a LTC Partnership policy does not guarantee access to Medicaid.**
- Medicaid eligibility is extremely complex and must be determined on an individual, case-by-case basis.
- Medicaid eligibility determinations are completed by the applicant's local department of social services.
- Medicaid eligibility has both financial and non-financial requirements.
- Financial requirements include evaluation of both income and resources (assets).
- Non-financial requirements include Virginia residency, proof of citizenship and identity, provision of a Social Security number, and meeting the required level of care (for LTC services).
- Medicaid eligibility has special rules for married people, when only one is receiving long-term care services.
- Medicaid eligibility has special rules that apply to home property in which the applicant resides, vehicles, and burial arrangements.

Frequently Asked Questions

What is the advantage of a Partnership policy over a non-Partnership LTC insurance policy?

- Partnership and non-Partnership policies are virtually the same except that Partnership policies have the added benefit of allowing policyholders to protect a portion of their assets if they choose to apply for Medicaid.

Will LTC Partnership policies be more expensive than non-Partnership LTC insurance policies?

- Partnership policies will likely be priced roughly the same as non-Partnership policies that have similar benefit, policy, and inflation protection features.

How will owners of Partnership policies and their family members know that a policy qualifies as a Partnership policy?

- This information will be included with the policy, but may not be printed on the policy itself.
- If there is any doubt, ask your insurance agent or call the carrier.

Will my Virginia Partnership policy qualify me for dollar-for-dollar asset protection in other states?

- Yes. Virginia plans to participate in a national reciprocity agreement. However, it is likely that not all states will participate in this. Also, the applicant will need to meet all Medicaid requirements for the new state of residence.



Which insurance carriers will offer Partnership policies?

- At this point, it is too early to tell exactly which carriers will offer Partnership policies in Virginia. Every carrier authorized to offer health insurance in Virginia is eligible to offer Partnership policies, but the policies must be approved by the Virginia Bureau of Insurance.

When should Partnership policy holders apply for Medicaid?

- Everyone has the right to apply for Medicaid at anytime.
- If the Partnership policy holder exhausts the benefits of his or her LTC Partnership policy (policy exhaustion, however, is not required in Virginia).
- When the Partnership policyholder/spouse/family/friend feels that the individual is having a difficult time paying for care.

If I exhaust my LTC Partnership policy, will I automatically qualify for Medicaid?

- **No!** You must still meet level of care requirements (for LTC) and the income and resource requirements (minus the amount of assets you can protect from your Partnership policy, i.e., the amount of benefits paid out by the insurer on your behalf).

Partnership Quick Guide:

1. **Asset protection is based on what the insurance company has paid out (dollar-for-dollar) in benefits.** (It is NOT based on the amount of premiums paid or the total value of the policy)
2. Existing LTC insurance policies will **not** convert to Partnership policies.
3. Exhausting a Partnership policy does **not** guarantee access to Medicaid – other eligibility criteria must still be met.

VA Department for the
Aging & Virginia
Insurance Counseling
and Assistance

Program-800-552-3402
<http://www.vda.virginia.gov/vvicap2.asp>

Virginia Bureau of
Insurance – Life and
Health Consumer
Outreach

1-877-310-6560
www.scc.virginia.gov

The Department of Medical Assistance Services strives to provide a system of high quality comprehensive health services to qualifying Virginians and their families.

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